

HOUSE No. 1547

By Mr. Mariano of Quincy, petition of Ronald Mariano relative to group marketing plans for motor vehicle and homeowner insurance. Financial Services.

The Commonwealth of Massachusetts

In the Year Two Thousand and Five.

AN ACT RELATIVE TO GROUP MARKETING PLANS FOR AUTOMOBILE AND HOMEOWNER INSURANCE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The first paragraph of section 193R of
2 chapter 175 of the General Laws, as appearing in the 2002 Offi-
3 cial Edition, is hereby amended by striking out the definition of
4 “Association member” in lines 3 and 4, and inserting in place
5 thereof the following: “Group” means a trade union, association
6 or organization that has a high degree in homogeneity, has not
7 been formed solely for a principal purpose of purchasing insur-
8 ance, and has existed as an entity for at least two years before
9 applying under this section. A “group” may include the members
10 of a labor or trade union, the members of a collectible bargaining
11 unit, an association of employees or retirees, the employees of or
12 retirees form a common employer or of employers that are affili-
13 ated by reason of common ownership, and the members of an
14 incorporated association or other organization whose principal
15 purpose is the furtherance of the professional, fraternal, ethnic, or
16 social interests of its members.

17 Otherwise, an association or organization, whether incorporated
18 or unincorporated, that is composed of individuals whose primary
19 basis of common affinity is financial or commercial in nature,
20 including, but not limited to a common desire to realize savings
21 on the purchase of a motor vehicle or homeowners insurance,
22 shall not be deemed to be a “group.” In this regard specifically,
23 but not by way of limitation, a “group” for purposes of this
24 section may not be comprised of, sponsored for or formed by

25 members of, subscribers to or participants in a health maintenance
26 organization, health insurance plan, legal service plan, dental or
27 hospital service corporation or similar entity; depositors in or bor-
28 rowers from a credit union, excepting those restricted to
29 employees of a particular employer; depositors in or borrowers
30 from a mutual fund investment club, trust company, small loan
31 company, bank or depository institution of any nature or form
32 (irrespective whether or not said borrower or depositor is known
33 as a “member,” shareholder or otherwise); holders of credit or
34 debit cards; non-employee stockholders or equity owners of a for-
35 profit corporation; non-employee member of a not-for-profit cor-
36 poration; non-employee policyholders of a mutual insurance
37 corporation; any association or organization of individuals who
38 have purchased or leased goods or services from a common com-
39 mercial enterprise or business entity, including but not limited to
40 automobile dealers and real estate developers; or any incorporated
41 or unincorporated association or other organization that has been
42 formed or organized mainly for the purpose of realizing savings
43 on purchase of insurance.

1 SECTION 2. Section 193R of chapter 175 of the General Laws
2 is hereby further amended by striking out the second and third
3 paragraph lines 19 through 30 inclusive, and inserting in place
4 thereof the following new paragraphs: No insurer or any person,
5 firm or corporation on behalf of any insurer, shall issue or make,
6 or offer to issue or make, any certificate or policy of motor
7 vehicle or homeowner insurance to any person in the common-
8 wealth pursuant to a group marketing plan except in accordance
9 with the terms and conditions of this section; provided, however,
10 that insurance issued pursuant to a group marketing plan for auto-
11 mobile insurance shall not be cedeable to the plan for motor
12 vehicle insurance established under the provisions of section one
13 hundred and thirteen H.

14 The commissioner shall promulgate regulations regarding
15 insurance issued pursuant to a group marketing plan. Notwith-
16 standing any other meaning or interpretation, the word “shall” as
17 used in this section shall be construed for all purposes as manda-
18 tory rather than permissive.

1 SECTION 3. The fifth paragraph of section 193R of
2 chapter 175 of the General Laws is hereby amended by striking
3 out the first sentence and inserting in place thereof the following
4 sentence:

5 The commissioner shall conduct a hearing and investigation on
6 every application of an insurer to offer deviations on insurance in
7 accordance with this section and rates for such policies shall be
8 fixed and established in accordance with the provisions of this
9 chapter, chapter one hundred and seventy-four A or chapter one
10 hundred and seventy-five A applicable to the type of insurance
11 provided, except that in addition to the applicable provisions of
12 said chapter every insurer providing insurance in accordance with
13 this section shall keep and maintain separate data on the losses
14 and expenses of each employer, trade union, association or organi-
15 zation so insured and shall not be allowed to offer any such
16 insured a modification of the rates so fixed and established for all
17 such insured until and unless data on such losses and expenses for
18 at least three policy years shows, to the satisfaction of the com-
19 missioner, that such modification is in fact justified.

1 SECTION 4. The provisions of sections one, two and three of
2 this act shall not apply to any existing group approved by the
3 commissioner as a group marketing plan prior to the effective date
4 of this act.